

Message Text

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ACTION XMB-07

INFO OCT-01 AF-10 ISO-00 EB-11 TRSY-11 IGA-02 DRC-01 FAA-00

DOT-00 AID-20 CIAE-00 COME-00 FRB-02 INR-10 NSAE-00

RSC-01 OPIC-12 SP-03 CIEP-02 LAB-06 SIL-01 OMB-01

/101 W

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R 221138Z APR 74

FM AMEMBASSY LAGOS

TO SECSTATE WASHDC 3654

LIMITED OFFICIAL USE LAGOS 3374

E.O. 11652: N/A

TAGS: EFIN NI

SUBJECT: EXIM BANK CREDITS

REFS: A. STATE 75114

B. STATE 59051

C. LAGOS 2580

D. LAGOS 2928

1. SUMMARY. IN APRIL 20 CONVERSATION, MINISTRY OF FINANCE DEPPERSEC ABUBAKAR ALHAJI SAID THAT FMG MOVING TO SETTLE SOON NIGERIA AIRWAYS AND ABATEX DELIQUENCIES AND TO REGULARIZE GTE CREDIT. HE DISCLAIMED FMG RESPONSIBILITY FOR RIVERS STATE COMMITMENT FEE. END SUMMARY

2. EXIM CREDIT 2827 (GTE). WE DISCUSSED WITH ABUBAKAR AND GAVE HIM LETTER SUMMARIZING CONTENTS REFTEL A. IN OUR PRESENCE HE MADE SEVERAL PHONE CALLS, AND ASSURED US AFTERWARDS THAT ACTION IS UNDER WAY IN MINFIN TO ACCOMPLISH EARLY PAYMENT OF COMMITMENT FEE AND TO CLARIFY WITH BARCLAYS BANK ARRANGEMENTS FOR PAYMENT \$112,046. HE ALSO UNDERTOOK TO CONFIRM TO EXIM THAT MINFIN WISHES CANCEL BALANCE OF CREDIT, THAT IS \$93,836. ACTION: IF THESE ARRANGEMENTS NOT

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SATISFACTORILY ACCOMPLISHED BY MAY 3 APPRECIATE NOTIFICATION

SO THAT WE CAN RETURN TO MINFIN.

3. EXIM CREDIT 3080, 3757 AND GUARANTEE 3758 (NIGERIA AIRWAYS). WE REVIEWED AMOUNTS DUE (REFTEL B) AND REMINDED ALHAJI OF HIS MOST RECENT ASSURANCE TO US (REFTEL C) THAT PROVISION FOR PAYMENT NIGERIA AIRWAYS' DELINQUENCIES WOULD BE CONTAINED IN FISCAL 74 BUDGET AND THAT PAYMENT COULD BE EXPECTED ON OR ABOUT APRIL 15. ALHAJI SAID THAT NIGERIA AIRWAYS HAD THIS PAST WEEK TAKEN INITIATIVE WITH MINFIN TO PRESS FOR EARLY PAYMENT. AFTER ANOTHER PHONE CALL, HE SAID THAT MINFIN HAD SET IN MOTION WITH TREASURY AND CENTRAL BANK ACTIONS NEEDED TO EFFECT PAYMENT, AND HE GUESSED THAT PAYMENT WOULD BE MADE IN WEEK OR TWO. ACTION: APPRECIATE VERY MUCH NOTIFICATION IF PAYMENT STILL OUTSTANDING BY MAY 3. ALL CIRCUMSTANCES NOW FAVORABLE FOR RESOLUTION THIS SITUATION AND WE WOULD LIKE TO ENSURE EARLY RESOLUTION. (ALHAJI HAS ALSO PROMISED DRINK HIS FIRST SIP OF CHAMPAGNE MAY 5 IN CELEBRATION RESOLUTION AND WE WOULD LIKE TO HOLD HIM TO PROMISE).

4. EXIM CREDIT 2025 (ABA TEXTILE MILLS). ALHAJI SAID THAT EXIM HAD WRITTEN DIRECTLY TO MINFIN ABOUT THIS CREDIT AND ALTHOUGH HE DID NOT OFFER COPY OF LETTER, HE INDICATED EXIM HAD REQUESTED PAYMENT OF \$49,125.24 OF INTEREST DUE JANUARY 31 (AS CITED REFTTEL B). ABUBAKAR SAID THAT THIS MATTER TOO WAS IN HAND. ABATEX' FINANCIAL AFFAIRS WERE IN DISARRAY AND IT WAS UNABLE TO MAKE PAYMENT BUT IT HAD SO NOTIFIED MINISTRIES OF INDUSTRY AND OF FINANCE, AND THESE WERE IN PROCESS OF SUBMITTING TO FEDERAL EXECUTIVE COUNCIL REQUEST FOR PAYMENT OUT OF FMG FUNDS. ALHAJI EXPECTED FEC WOULD APPROVE. HE DID NOT WANT TO GUESS AT PROBABLE DATE FOR PAYMENT BUT DID NOT THINK IT WOULD BE MORE THAN FEW WEEKS. ACTION: WE WOULD APPRECIATE COPY OF EXIM'S LETTER TO MINFIN ON ABATEX CREDIT.

5. EXIM CREDIT 4631 (RIVERS STATE TV). ABUBAKAR DISCLAIMED ANY FMG CONNECTION WITH THIS CREDIT AND AFTER NOTING THAT CREDIT AGREEMENT HAD NOT BEEN CONCLUDED HE QUESTIONED REASON FOR COMMITMENT FEE OF \$3,602.92 CITED REFTTEL B. HAVING SIAD THAT, ALHAJI SIAD AGAIN THAT FROM OUTSET OF RIVERS STATE/ LIMITED OFFICIAL USE

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NORTHROP PAGE NEGOTIATIONS FOR EXIM CREDIT, MINFIN HAD DECLINED TO ACT AS GUARANTOR OR OTHERWISE TO APPROVE LOAN AND THAT IF THERE WERE FEES DUE TO EXIM WE SHOULD LOOK TO RIVERS STATE FOR PAYMENT. HE ADDED THAT MINFIN HAD NO OBJECTION TO DIRECT EMBASSY APPROACH TO RIVERS STATE BUT ASKED THAT WE KEEP MINFIN INFORMED.

6. COMMENT: WE ARE ALSO SOMEWHAT PUZZLED AT STATEMENT IN

REFTEL B THAT COMMITMENT FEE OF \$3,602.00 PAST DUE SINCE NOVEMBER 12, 1973 FROM MINISTRY OF FINANCE AGAINST CREDIT 4631. OUR FILES SHOW THAT EMBASSY FORWARDED EXIM DRAFT AGREEMENT TO RIVERS STATE, BUT WE UNDERSTOOD THAT AGREEMENT WAS NOT CONCLUDED AND THAT FAILURE OBTAIN MINFIN GUARANTEE FOR EXIM CREDIT WAS IN FACT AMONG REASONS FOR COLLAPSE OF THIS PROJECT (AS REPORTED REFTEL D). IN RESPONSE INQUIRY WE MADE AFTER RECEIPT REFTEL B, NORTHRUP-PAGE REP TOLD US THAT ALTHOUGH EXIM HAD AUTHORIZED CREDIT (AND GUARANTEES) IN FAVOR RIVERS STATE IN JUNE 1973, CREDIT WOULD NOT BE UTILIZED BECAUSE OF FMG'S REFUSAL TO GUARANTEE AND EXIM HAD NOTIFIED CANCELLATION OF CREDIT TO PAGE. PAGE ADDED THAT IT HAD NO RESPONSIBILITY FOR COMMITMENT FEE. ACTION: WE WOULD LIKE TO TAKE UP WITH RIVERS STATE QUESTION OF NON-PAYMENT OF COMMITMENT FEE, BUT THINK WE NEED MORE INFORMATION THAN WE NOW HAVE ABOUT BASIS FOR RIVERS STATE LIABILITY. WE WOULD APPRECIATE COPIES OF COMMUNICATIONS BETWEEN EXIM AND RIVERS STATE (OR NORTHRUP PAGE) THAT GAVE RISE TO THAT LIABILITY. WE WOULD ALSO APPRECIATE KNOWING IF EXIM HAS COMMUNICATED WITH RIVERS STATE ABOUT NONPAYMENT OF COMMITMENT FEE AND IF SO, WOULD APPRECIATE COPIES OF THOSE COMMUNICATIONS.

REINHARDT

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Message Attributes

Automatic Decaptioning: X
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Concepts: BANK LOANS, LOAN GUARANTEES, DEBT REPAYMENTS
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Copy: SINGLE
Draft Date: 22 APR 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MorefiRH
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974LAGOS03374
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
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30 JUN 2005

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